United Nations A/C.2/56/L.55

General Assembly

Distr.: Limited
7 December 2001

Original: English

Fifty-sixth session
Second Committee
Agenda items 104 and 123

Training and research

Proposed programme budget for the biennium 2002-2003

United Nations Institute for Training and Research

Programme budget implications of draft resolution A/C.2/56/L.30

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Summary

In draft resolution A/C.2/56/L.30, the General Assembly would decide to reclassify the rental rates and maintenance costs charged to the Institute with a view to alleviating its current financial difficulties. Should the Assembly adopt this draft resolution, an additional biennial appropriation of $292,600 would be required under the regular budget of the United Nations. Moreover, by so deciding, the Assembly should also override the provisions of paragraph 3 of its resolution 47/227 of 8 April 1993 that, as of 1 January 1993, the funding of all the administrative budget and the training programmes of the Institute should be covered from voluntary contributions, donations, special-purpose grants and executing agency overheads. In addition, modifications would be required under articles VIII and XI of the statute of UNITAR. The fashion in which the rental and maintenance costs could be reclassified would be decided by the Fifth Committee in the context of its consideration of the proposed programme budget for the biennium 2002-2003.

01-68333 (E) 071201

I. Requests contained in the draft resolution

1. Under the terms of operative paragraphs 11 and 12 of draft resolution A/C.2/56/L.30, the General Assembly would:

(a) Decide, in relation to its resolution 41/213 of 19 December 1986, to reclassify the rental rates and maintenance costs charged to the United Nations Institute for Training and Research (UNITAR) with a view to alleviating its current financial difficulties, which are aggravated by the current practice of charging commercial rates, taking into account that other organizations affiliated with the United Nations enjoy such privileges;

(b) Request the Secretary-General, in furtherance of the decision made in paragraph 11 above, to amend article VIII, paragraph 13, of the statute of the Institute accordingly.

II. Authority in administrative and budgetary matters

2. With regard to the procedural aspects of operative paragraph 11 of draft resolution A/C.2/56/L.30, it is recalled that by its resolution 45/248 B (VI) of 21 December 1990 on the issues of the procedures for administrative and budgetary matters, the General Assembly:

(a) Reaffirmed that the Fifth Committee was the appropriate Main Committee of the General Assembly entrusted with responsibilities for administrative and budgetary matters;

(b) Also reaffirmed the role of the Advisory Committee on Administrative and Budgetary Questions;

(c) Expressed its concern at the tendency of its substantive Committees and other intergovernmental bodies to involve themselves in administrative and budgetary matters;

(d) Invited the Secretary-General to provide all intergovernmental bodies with the required information regarding procedures for administrative and budgetary matters.

III. Background

3. UNITAR is currently required to pay rent and maintenance costs in accordance with article VIII, paragraph 13, of the statute of UNITAR, which states: "The general administrative, personnel and financial services of the United Nations shall be utilized by the Institute on conditions determined in consultation between the Secretary-General and the Executive Director, it being understood that no extra cost to the regular budget of the United Nations is to be incurred."

4. In New York, the UNITAR Liaison Office occupies 1,098 square feet of office space in the DC-1 building (1 United Nations Plaza) for which it is required to pay rent, maintenance and utility costs, but has refused to do so. These costs would amount to $64,800 in 2002.

5. In Geneva, UNITAR occupies 842.7 square metres in the Environment Centre building (previously known as Geneva Executive Centre). The annual maintenance and service fee in the amount of $39,300, as well as charges for electricity of $7,000 annually, is paid by UNITAR directly to the Fondation des immeubles pour les organisations internationales (FIPOI), which manages this building. In addition, UNITAR is required to reimburse annually to the United Nations Office at Geneva the provision of messenger, security, shuttle and cleaning services in the amount of $35,200, but has refused to do so.

6. UNITAR current total debt to the United Nations for rent and maintenance in New York ($128,466) and provision of services in Geneva ($58,074) amounts to $186,540.

IV. Analysis of the proposals and full costs involved

7. As regards the substance of the proposals contained in operative paragraph 11 of draft resolution A/C.2/56/L.30, it is also recalled that in the course of the fifty-fifth session of the General Assembly, the Secretary-General submitted a statement of the programme budget implications (A/C.2/55/L.49) of resolution 55/208 of 20 December 2000 (A/C.2/55/L.49), stating, inter alia, that should the Assembly decide to supply the necessary offices to UNITAR in Geneva and in New York free of rental and maintenance costs, in the future budgets, beginning

from the biennium 2002-2003, the amount of $155,900 would be required annually for this purpose; and that, by so deciding, the Assembly should also override the provisions of paragraph 3 of its resolution 47/227.

8. Moreover, as provided in the oral statement of the Secretary-General to the Second Committee (A/C.2/55/SR.42 and corrigendum), in accordance with the procedure established to conform to recommendation 36 of the recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations (A/41/49), the rental and maintenance rates charged by the United Nations to entities occupying space in United Nations buildings were based on the prevailing commercial rates that the United Nations was charged. The Secretary-General was thus not in a position to "reclassify" the rates charged to UNITAR for rent and maintenance costs, unless the General Assembly decided to make an express exception to its resolution 41/213 and in regard to recommendation 36 (see para. 50).

9. The same policy applies to all programmes and funds funded from voluntary contributions, which are required to reimburse administrative support provided by the United Nations, normally at the standard rate of 13 per cent of their expenditures. With regard to liaison offices, the offices of entities funded from the regular budget are provided free office space; and the offices of the entities funded essentially from voluntary contributions are required to reimburse rent and maintenance costs at the rates that the United Nations itself pays for similar space.

10. It is assumed that the organizations affiliated with the United Nations and enjoying such privileges as reclassified rent and maintenance costs, as referred to in operative paragraph 11 of draft resolution A/C.2/56/L.30, are the United Nations Institute for Disarmament Research (UNIDIR) and the United Nations Research Institute for Social Development (UNRISD), both located in Geneva. In the case of UNIDIR, by virtue of its statute, it receives a subvention from the regular budget of the United Nations for its administrative costs. With regard to UNRISD, it is not charged rent, but it is charged overhead of 8 per cent of its annual expenditures, which the United Nations utilizes for the administrative support, including space, that it provides to UNRISD.

11. Accordingly, if the General Assembly decides to "reclassify" the rental rates and maintenance costs charged to the Institute, which it is assumed would be prospective, of the two choices available, the UNIDIR model would appear the most difficult to duplicate: it would require the institution of a subvention from the regular budget, but there is no existing basis for a subvention to UNITAR. The UNRISD model would seem to be replicable for the UNITAR situation and would involve the regular budget of the United Nations assuming the rental and maintenance costs burden for UNITAR, while at the same time instituting an overhead arrangement, whereby UNITAR would reimburse the United Nations for administrative support provided. As the overhead reimbursement would be a lesser amount than the value of the rent and maintenance costs, UNITAR would benefit by having its current financial difficulties somewhat alleviated.

12. This means that the Institute would be required to reimburse administrative support provided by the United Nations at the rate of 8 per cent of its General Fund expenditures. For 2001, these expenditures are estimated at $971,500; the support cost reimbursement would amount to $77,720 and would be less by $68,580 than the current charges for rent and maintenance costs of $146,300 in New York and Geneva. These charges of $146,300 would be covered in full from the regular budget, while the UNITAR support cost reimbursement of $77,720 would be utilized to partially offset the costs of administrative services including payroll, financial, accounting, budgeting and personnel support, mail, pouch etc., currently provided to UNITAR by the United Nations Office at Geneva free of charge.

V. Conclusions

13. **Should the General Assembly decide to adopt draft resolution A/C.2/56/L.30, it is estimated that an additional appropriation of $292,600 would be required under section 30, Special expenses, of the proposed programme budget for the biennium 2002-2003 (A/56/6 (Sect. 30)) in order to reclassify the rental rates, maintenance costs and other administrative support charged to the Institute by the United Nations in Geneva and New York. In the future budgets, the amount of $292,600 would be required biannually for this purpose. By so deciding, the Assembly should also override the**

provisions of operative paragraph 3 of its resolution 47/227.

14. If the part of the costs currently paid by UNITAR in connection with rent and maintenance is to be taken over by the United Nations, the General Assembly should also request the Secretary-General to amend, after consultations with the Board of Trustees of UNITAR, article VIII, paragraph 13 of the Statute of UNITAR, to read as follows:

> "The general administrative, personnel and financial services of the United Nations shall be utilized by the Institute on conditions determined in consultation between the Secretary-General and the Executive Director, it being understood that no extra costs to the regular budget of the United Nations is to be incurred, without the express approval of the General Assembly."

15. As to the fashion in which the rental and maintenance costs would be "reclassified", it is the intention of the Secretary-General to bring this question to the attention of the Fifth Committee in the context of the proposed programme budget for the biennium 2002-2003.